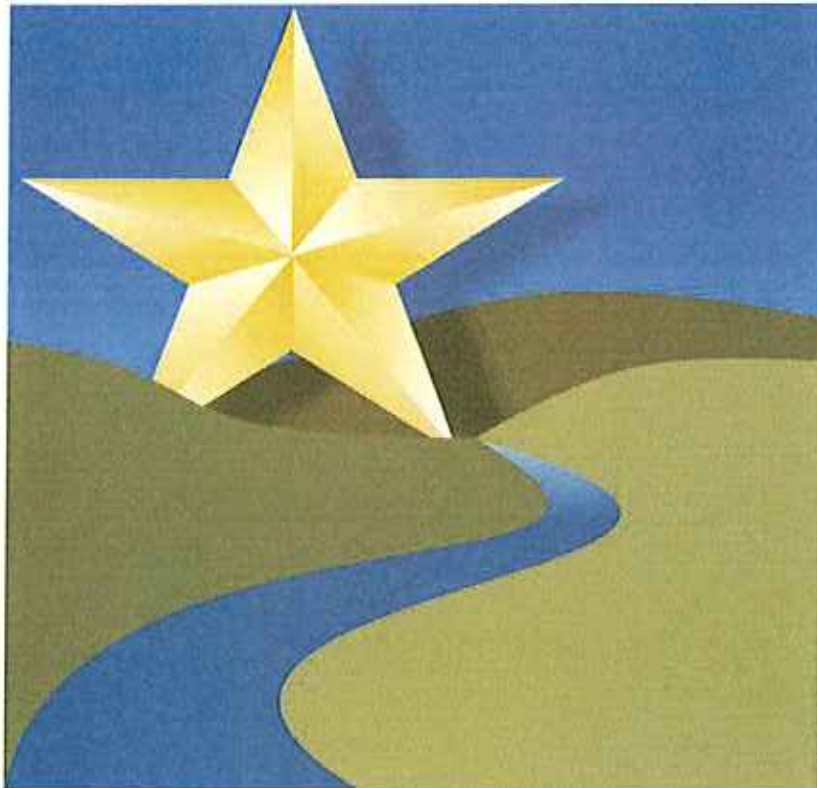


**CITY OF LEANDER
PROPOSED ANNUAL BUDGET
2008 ~ 2009**



PROPOSED BUDGET Fiscal Year Oct. 1, 2008 ~ Sept. 30, 2009

City of Leander



Budget submitted by:

City Manager

Anthony "Biff" Johnson

**Assistant City Manager/
Finance Director**

Sharon G. Johnson

Mayor

John D. Cowman

Mayor Pro Tem

Christopher Fielder

City Council Members

Vic Villarreal ~ Kirsten Lynch

John Perez

Michell Cantwell ~ David Siebold

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(Left to Right):

Front Row : Kirsten Lynch – Council Member, Place 2; Mayor; John Cowman; Michell Cantwell – Council Member, Place 4

Second Row : David Siebold – Council Member, Place 6; John Perez – Council Member, Place 3; Christopher Fielder – Mayor Pro-Tem, Council Member, Place 5; Vic Villarreal – Council Member, Place 1

CITY OF LEANDER

Mayor and City Council

The Leander City Council regularly meets the 1st and 3rd Thursday of each month at 7:00 pm in the Council Chambers of the Pat Bryson Municipal Hall located at 201 N. Brushy Street in Leander, Texas. For directions, or questions regarding meetings, please contact the City Secretary's Office at (512) 528-2743



City of Leander, Texas



August 1, 2008

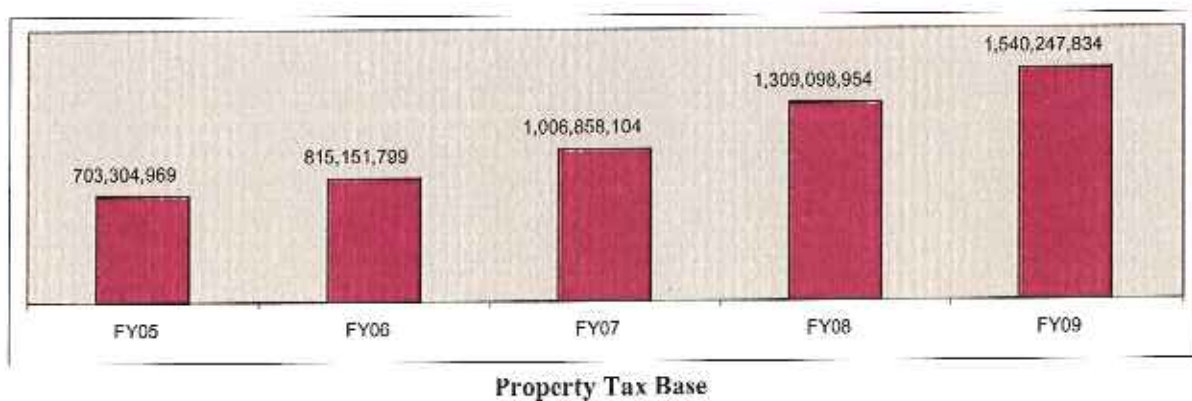
Honorable Mayor and City Council
Leander City Hall
Leander, Texas 78641

This proposed budget for fiscal year beginning October 1, 2008 and ending September 30, 2009 is submitted in accordance with state law and the City's charter. Also, a copy has been filed with the City Secretary.

GENERAL FUND

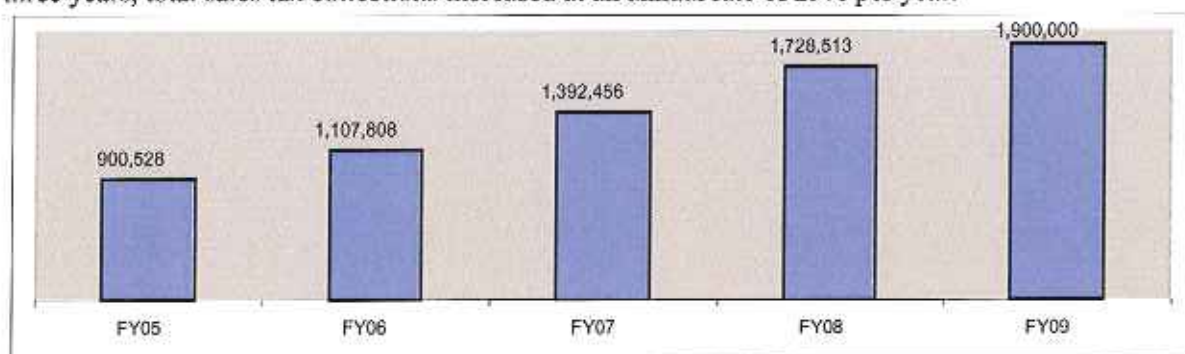
Forecasted General Fund revenues are up 10% from the 2007-08 adopted budget. Although, the budget reflects a reduction in the overall tax rate from \$0.607591 cents per \$100 valuation to \$0.602591, total property tax revenues will increase due to a 18% growth in the tax base. The budget also includes \$341,550 in grant funds from the U.S. Department of Homeland Security as part of its Staffing for Adequate Fire and Emergency Responders Grant (SAFER) received by the Fire Department in May. The grant covers a five-year period and the total award is \$948,825. The grant allows us to hire nine (9) additional firefighters.

The following chart illustrates growth in the property tax base over the past several years.



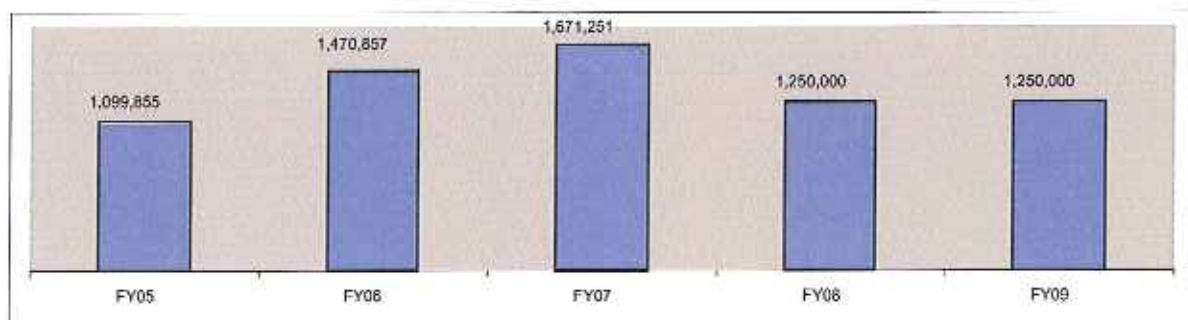
(In accordance with HB 3195 passed in the 2007 Legislative Session, the following statement is required: This budget will raise more total property taxes than last year's budget by \$1,545,803 or 19.7%, and of that amount, \$921,517.00 is tax revenue to be raised from new property added to the tax roll this year.)

Sales tax revenues are projected to increase due to the opening of Gateway Shopping Center in 2008. Sales tax collections for FY 2007-08 are 21.5% ahead of this period last year. During the previous three years, total sales tax collections increased at an annual rate of 29% per year.



Sales Tax Collections

Building permits have slowed in FY 2007-08 as compared to FY 2006-07. However, a significant inventory of platted lots still exists and we are projecting to receive the same amount in fees next year as this year (\$1,250,000).



Building Permit Revenue

Another significant revenue change from the prior year is an increase from our inter-local agreement with LISD for police services. The budgeted revenue of \$194,714 is \$80,000 more than the FY 2007-08 adopted budget.

Finally, a new revenue source is included – Transfer from Utility Fund for Engineering Services. As you know, much of the City's capital improvement projects are water and wastewater projects. Consequently, the Utility Fund is reimbursing the General Fund for 50% of the Engineering Department's budget.

The General Fund projected ending fund balance for FY 2008-09 is \$3,330,000. This represents approximately 24% of budget expenditures.

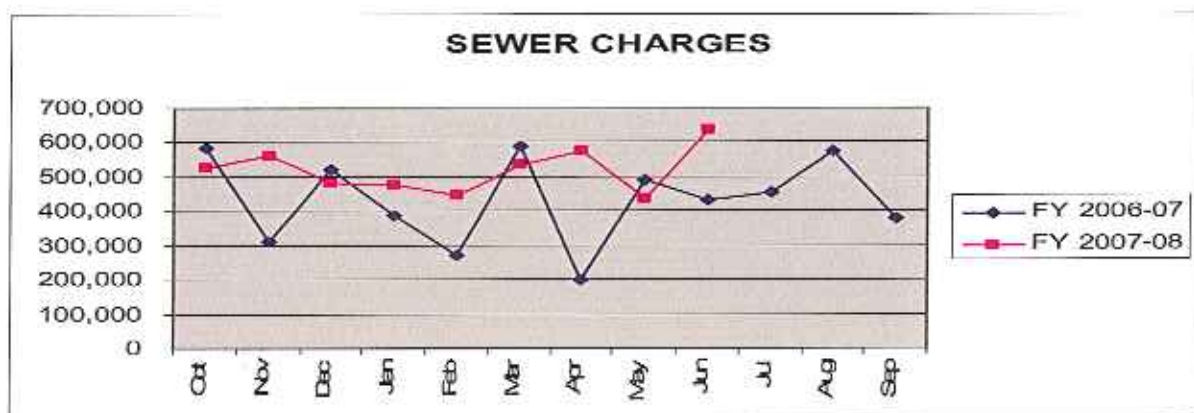
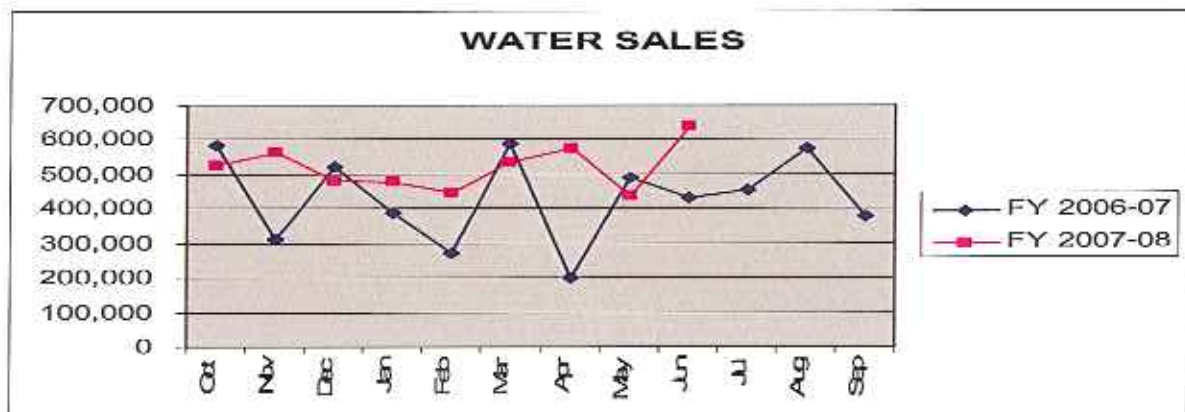
As the city's population approaches 30,000, the budget has been prepared to address the priorities and service levels needs of a growing community. Included in this year's budget are thirteen (13) new public safety positions. In addition to the nine new firefighters to be hired as part of the SAFER grant, four police officers are included. Two of these positions will be effective October 1, 2008 and the other two at mid-year. One part-time intern position is also included in the Engineering Department. A 4.4% cost-of-living adjustment, based upon the CPI, is included for all employees.

The budget reflects overall increases in various categories, including, retirement (TMRS), health insurance, and fuel. Along with the new police officers, the Police Department's budget includes five vehicles instead of three budgeted in the prior year.

The Human Resources Manager has moved from the Administrative budget to Finance. A new Code Enforcement budget has been created, but remains within the Fire Department chain of command. This position was previously budgeted in Building Inspection.

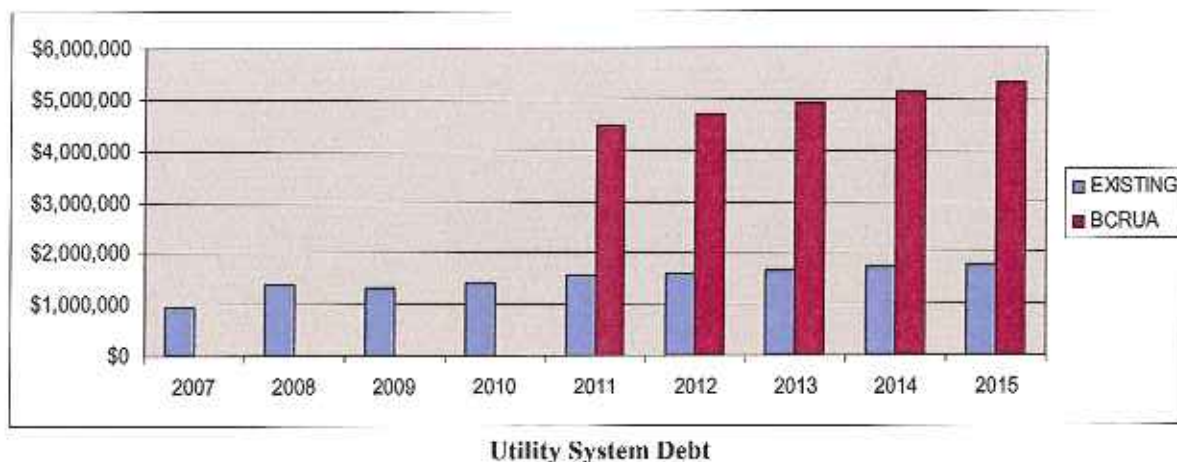
UTILITY FUND

Revenues in the Utility Fund are projected to increase approximately \$900,000 in FY 2008-09. Continued growth in the number of customers and the water rate increase of 7.1% slated to go into effect October 2008 are the two primary reasons for the revenue forecast.



Utility Fund Expenditures are expected to increase by roughly \$2,100,000. However, of this amount, \$800,000 is a set-aside for future BCRUA debt service. Another \$1,300,000 is related to our water supply and treatment contracts with LCRA. As you recall, in 2007, the City increased its water supply by 17,600 additional acre-feet of water which will carry the city of Leander through the year 2020 at the current projected growth rate.

Below is the current and future debt service for the Utility Fund showing the impact of the BCRUA contract revenue debt beginning in FY 2010-11.



GOLF FUND

The current year estimate for the Golf Fund (Fund 05) projects a slight surplus at year end. The forecast for FY 2008-09 appears favorable with continued modest growth in revenues.

CAPITAL IMPROVEMENT PROJECTS

As we strive to keep pace with growth in the community, staff is working to complete necessary capital improvement projects in all areas, including public safety, streets and drainage, water and wastewater improvements, parks and municipal facilities. Originally budgeted in FY 2007-08, the San Gabriel "I" Project is carried over into FY 2008-09 in General Capital Projects (Fund 40). You may recall that this is a funding agreement between the City and TxDOT and consists of construction of a new 4-lane undivided urban roadway and will extend CR 273 from RM 2243 to CR 274. The City's share of this project will come from developer contributions. Other projects in Fund 40 include golf course improvements (using the balance of developer contributions from Key Deer Ranch), and Mason House improvements for the Parks Department.

In November 2006, voters approved \$27 million in bonds for streets and drainage, public safety, and municipal facilities. In February 2007, Council authorized the sale of \$21.2 million of these bonds for the following projects which are underway or completed: Streets & Drainage (\$10 million) - Bagdad North (5-lane undivided from Crystal Falls north to San Gabriel Parkway) and East Crystal Falls (combination 4-lane divided and 5-lane undivided from US 183 to Reagan Blvd); Public Safety (\$9.6 million) - Fire Administration & Training facility, Fire Department fleet, completion of the SRI Building, Police Training Facility and Communications; and Public Facilities (\$147,000) - Parks Facility and Public Works Facility improvements. These projects are budgeted in Fund 52. Included in Fund 52 revenues is a grant from TxDOT in the amount of \$2,128,000 for the E. Crystal Falls Parkway project.

In the Park Dedication Fund (Fund 75), two significant projects are budgeted - \$100,000 for a skate park in Benbrook Ranch Park and \$50,000 for the Estates at North Creek neighborhood park. Both of these projects are contingent upon the receipt of sufficient deposits into the Park Dedication Fund.

On the Utility Fund side, several large projects underway that will continue into FY09. In Fund 26, Wastewater Impact Fees, we have the 30" Block House Creek Interceptor, the Brushy Creek Interceptor, and County Glen Interceptor projects.

Fund 27, Utility Development Fund, includes projects funded from the \$10 million certificates of obligation that were issued in 2004. Projects that should be completed by the end of the current fiscal year include the 24" waterline along CR 272 to Parmer Lane and the Northwest Booster Pump Station, Northwest 1.5MG Elevated Storage Tank, and the Northwest 24" water transmission line.

Fund 28 includes projects to be funded with the proceeds from the issuance of \$9,200,000 in certificates of obligation in 2007. These projects include financing the City's portion of the regional water treatment plant until such time that the Brushy Creek Regional Utility Authority issues contract revenue bonds and the City is reimbursed. Other projects in Fund 28 include purchase of capacity in Cedar Park's 42" North Brushy Interceptor and extension in connection with joining the regional wastewater system.

In summary, the budget I am recommending to you, coupled with the City Council goals as expressed at the retreat this summer, and should give all of us the necessary resources and focus to build a better Leander for all of our citizens.

Sincerely,

A handwritten signature in blue ink, appearing to read "Anthony Johnson", with a stylized flourish at the end.

Anthony (Biff) Johnson
City Manager